ANNUAL REPORT

FOREIGN-TRADE ZONE NO. 9
HONOLULU, HAWAII
OCTOBER 1, 1995 - SEPTEMBER 30, 1996

OVERVIEW OF HAWAII'S ZONE PROGRAM

June 15, 1996 marked thirty years of service by the Hawaii Foreign-Trade Zone No. 9 to Hawaii's international trading community. The Zone program has proven to be a flexible, cost-effective vehicle for reducing the barriers and inherent risks associated with importing, transshipment and manufacturing for export markets. The Zone program has also demonstrated that government enterprise, with a clearly defined and measurable objective, can efficiently provide the necessary infrastructure to enhance employment and business opportunities.

The growth and current importance of Hawaii's Zone program to manufacturing in Hawaii is shown in the graph below. Manufacturing through the use of Zone procedures has increased as a percentage of total manufacturing since 1970. A significant portion of manufacturing activity in the Zone reflects refining activities. Nevertheless, the significance of Zone manufacturing is expected to continue to increase through the expansions of Zone utilization to new industry segments.

The Hawaii Zone program has consistently sought to expand the benefits of Zone utilization to ease the burdens of importing, increase tonnage through Honolulu Harbor, increase local employment by facilitating transshipment of cargo, and expand business opportunities to the manufacturing sector. Key indicators of the value of the Zone program to Hawaii's economy over the past five years in terms of employment, cargo handled (received plus forwarded), value added, and exports as a percent of foreign cargo received are shown in the table below.

HAWAII FTZ NO. 9 PROGRAM KEY INDICATORS

	1992	1993	1994	1995	1996
Employment	2,683	2,151	1,733	1,728	1,737
Cargo handled, in + out ($ millions)	1,976.42	2,108.55	1,790.26	1,952.58	2,200.49
Exports ($ millions)	310.51	377.67	297.24	354.30	392.36
Capital improvement ($ millions)	13	40	47	21.1	5
Exports as % of foreign cargo received	52.81%	70.25%	56.02%	57.26%	73.60%

However interesting the past may be, the continued importance of Hawaii's Zone program firmly depends upon its ability to build upon its past record of success to broaden the benefits of Zone utilization to an increasing number of importers and manufacturers. The Zone management is squarely addressing these issues by designing a new computerized information system and working with U.S. Customs for significant simplification of procedures and costs of Zone utilization. One major growth area for FTZ-9 is assisting Hawaii food processors to expand production within the Zone program to tap and service markets in Europe and Asia.

Use of the Zone program during 1996 rebounded in what we hope will prove to be a leading economic indicator for the rest of the Hawaii economy. The Zone program was used by 290 businesses, handling $2.2 billion worth of merchandise under Zone status. During the year, direct Zone-related employment totaled 1,759 jobs. With the multiplier effect, the total employment impact of the Zone program for the State of Hawaii is conservatively estimated to be 4,398 full-time jobs. Exports from Zone facilities were valued at $392.4 million. Value added through transshipment activity at Pier 2, Honolulu Harbor and manufacturing performed at Zone sites totaled $158.9 million.

The 13 general-purpose and special-purpose zone sites are: Pier 2 at Honolulu Harbor (17 acres), James Campbell Industrial Park (1,051 acres), Mililani Technology Park (109 acres), Maui Research and Technology Park (59 acres), Hilo airport complex (31 acres), Hawaii Fueling Facilities Corporation (27 acres), Unicold Corporation (7 acres), Hawaii Convention Center (9.67 acres), BHP oil refinery and synthetic natural gas plant (140 acres), HFM bakery pre-mix blending facility (2 acres), Dole Packaged Foods can lid production facility (2 acres), Maui Pineapple can making and canning operation (22 acres), and Chevron's oil refinery (248 acres).

PART I. SUMMARY OF GENERAL-PURPOSE ZONE ACTIVITY

Utilization of the general-purpose zone increased to record levels. During the fiscal year (October 1, 1995 to September 30, 1996), the total value of merchandise handled by the general-purpose zones was $81.0 million, of which exports to foreign countries amounted to $17.1 million. This represents an increase in the value of merchandise handled of 46.3 percent and an increase in exports of 10.1 percent over the previous year. The weight of merchandise handled by the Zone totaled 31,760.3 metric tons and exports amounted to 2,000.7 metric tons. Weight of merchandise handled increased by 237 percent, and weight of merchandise exported increased by 23.4 percent.

Warehousing, transshipment, inspections and distribution continued as mainstay functions of the Zone during the fiscal year. Manipulation included sorting, pricing and tagging for retail, and repackaging, relabeling and consolidation of stocks by various users for domestic and international customers. The manufacture of plastic (PET) food and beverage containers was performed at the Campbell Industrial Park zone site.

Ocean freight remained the major mode of transport of cargo to the Zone with $33.4 million or 86.3 percent of the total cargo received, followed by $4.0 million or 10.4 percent arriving by air mail, and $1.3 million or 3.4 percent via air. Ocean freight was also the primary mode of transportation of merchandise exported from the Zone. Warehouse and open storage space occupancy averaged 76 percent over the year. Office and exhibit space had an 85 percent occupancy rate.

During the year, the Zone actively promoted the use of Zone services by revamping its promotional efforts. A new brochure highlighting manufacturing and neighbor island zone sites was developed. Customers were surveyed to ensure that services provided continued to meet user demand. Zone management encouraged the freer flow of information by working closely with the U.S. Customs Service, U.S. Department of Commerce, the Hawaii Customs Brokers Association, and various trade groups. It has also worked closely with other development groups in the formulation of incentive packages to attract new business activity to Hawaii.

In addition, Hawaii's Foreign-Trade Zone No. 9 has continued to assist the U.S. Customs Service in performing selective inspection of cargoes in the U.S. Customs Centralized Examination Station located at Zone No. 9. Merchandise not requiring permanent Zone status is inspected by Customs within the Zone's boundaries, then released to the importer. This procedure has simplified the customs inspection process and exposed potential users to the FTZ. A total of 184 TEU (twenty-foot equivalent unit) containers valued at $5.1 million were devanned at Zone No. 9 during the past fiscal year. Because of the Zone's excellent security, it has been used by the Customs Service to examine, weigh, inventory and temporarily store highly sensitive cargoes. The Zone also acted as the General Order (G.O.) warehouse for detained and seized shipments which could not be accommodated in the Customs primary G.O. warehouse.

Merchandise stored in the Zone had duty rates which typically averaged 10.8 percent. Zone users were able to defer the payment of duty on $28.0 million worth of foreign merchandise received and avoid the payment of duty on $17.1 million worth of merchandise exported during the year.

A wide range of warehouse services is available at the general-purpose zone situated at Pier 2. This includes the loading and unloading of containerized cargo at hourly rates and warehouse storage at monthly rates. Warehouse space may also be rented on a daily, monthly or annual basis by users who need the space to assemble, manipulate or manufacture merchandise. Office and exhibit space is also available for rent at the Zone on an annual lease basis.

A visual representation of Zone use is presented in the following chart.

PART II. USE OF GENERAL-PURPOSE ZONE BY BUSINESS FIRMS

The general-purpose zone at the Pier 2 site and Campbell Industrial Park served 284 business firms during fiscal year 1996. Of these, 126 used the Zone on a continuous basis, employing up to 164 persons, 134 of whom were full-time employees.

Manipulation activities carried out in the Zone included:

Beer:	Destroy goods/empty carton, transfer original to master lot, change zone status.
Building materials:	Verify contents, transfer title.
Champagnes & Wines:	Destroy goods/empty carton, transfer title, transfer original to master lot, change zone status.
Drugs, Medicines & Cosmetics:	Label/relabel goods, destroy goods/empty carton, transfer title.
Food Products:	Examine for quality, remark cartons, repack goods, destroy goods/empty carton, remove samples, transfer title.
Footwear:	Verify contents, create packages/additional units, repack goods, sort/consolidate goods.
Furniture:	Inventory goods, examine for quality, inspect for damage, examine for commodity classification, remark cartons, repack goods, convert to piece count, transfer title.
General Merchandise & Miscellaneous Products:	Verify contents, inventory goods, examine for quality, inspect for damage, label/relabel goods, remark cartons, create packages/additional units, repack goods, sort/consolidate goods, destroy goods/empty carton.
Handicrafts:	Examine for quality, inspect for damage, label/relabel goods, remark cartons, create packages/additional units, repack goods,

	sort/consolidate goods, destroy goods/empty carton, convert to cartons.
Jewelry, Silverware, Watches:	Inventory goods, label/relabel goods, create packages/additional units, repack goods, sort/consolidate goods, destroy goods/empty carton, clean and tag.
Liquor:	Examine for quality, inspect for damage, verify marking requirements, label/relabel goods, convert to piece count, destroy goods/empty carton, transfer title, transfer original to master lot, change zone status.
Textiles:	Inspect for damage, label/relabel goods, remark cartons, create packages/additional units, repack goods, sort/consolidate goods.
Tobacco Products:	Repack goods, transfer original to master lot, change zone status.
Wearing Apparel:	Verify contents, prepare/correct packing list, verify marking requirements, remark cartons, repack goods, sort/consolidate goods.

Manufacturing activity consisted of the production of food and beverage containers of polyethylene terephthalate (PET) at the Campbell Industrial Park FTZ site. Foreign-Trade Zones Board Order No. 735 authorizing this activity restricted production for the Hawaii and export markets, and provided for a review of activity after five years.

PART III. MOVEMENT OF MERCHANDISE
(General-Purpose Zone)

The Zone handled 293 different commodities from 28 countries of origin, compared with 342 commodities from 28 countries of origin during the preceding fiscal year.

A. Merchandise in Zones at Beginning and End of Fiscal Year 1996

Origin	Beginning October 1, 1995		Ending September 30, 1996	
	Value	Weight (Metric Tons)	Value	Weight (Metric Tons)
Domestic Origin/ Duty Paid	$ 2,046,787	1,919.4	$ 1,685,875	1,973.3
Foreign Status	$11,410,305	962.7	9,398,316	989.8
Total:	$13,457,091	2,882.1	$11,084,191	2,963.1

B. Movement of Merchandise in General-Purpose Zones During Fiscal Year 1996

Movement	Value	Weight (Metric Tons)
Received:		
Domestic Origin/Duty Paid	$11,168,116	13,096.4
Foreign Status	27,991,347	2,824.2
From Other U.S. FTZs:		
• Domestic	-0-	-0-
• Foreign Status	-0-	-0-
Total:	$39,159,463	15,920.6
Forwarded:		
To U.S. Customs Territory	$24,387,798	13,838.9
To Foreign Countries	17,144,565	2,000.7
To Other U.S. FTZs	-0-	-0-
Total:	$41,532,363	15,839.6

Explanation of Discrepancies: None.

C. Value Added. Value added through various forms of manipulation listed in Part II of the report typically adds on an average 6 percent to the value of merchandise forwarded.

D. Foreign Status Merchandise Received (Top Five)

Category	Value
1. Vehicles	13,125,189
2. Jewelry, Precious Stones/Metals	3,352,752
3. Tools and Machinery	2,274,529
4. Liquor	1,488,267
5. Luggage and Leather Goods	1,058,877

E. The Five Leading Countries of Origin

Country	Value
1. Japan	16,862,720
2. U.S.A.	11,447,046
3. Hong Kong	3,847,778
4. Germany	1,163,085

5. Italy	911,558

F. Nonprivileged foreign merchandise received during this fiscal year amounted to $25,520,157 in value.

G. Customs duties collected on merchandise entered from the Zone during the fiscal year amounted to $179,008.27.[1] Internal Revenue and other taxes collected during this period totaled $9,260.34.[1]

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[1] *These figures are based upon incomplete information which is voluntarily supplied to FTZ by customs brokers.*

PART IV. PHYSICAL FACILITIES OF HAWAII ZONE PROJECTS

Site I. Site I is centrally located at Honolulu Harbor on the island of Oahu. The general-purpose zone occupies 17 acres of paved area at Pier 2/Fort Armstrong where 300,452 square feet of covered space is available. The Zone division's headquarters staff and offices are situated in the terminal building at Pier 2, 521 Ala Moana, Honolulu, Hawaii 96813. The original Zone site was activated on June 15, 1966, and the Zone relocated to its present site on November 15, 1982.

At this facility Zone users warehouse, manipulate, exhibit and distribute merchandise to overseas and domestic buyers. The Zone operator also provides business offices, and exhibition and conference rooms for its tenants at this complex.

The Zone at Pier 2 shares a large port terminal facility operated by the state Department of Transportation. Several ocean carriers handling a variety of domestic and foreign merchandise transacted cargo operations on a regular basis at this facility. Ocean carriers include NYK Lines, Aloha Cargo Transport, PM&O Lines, Act Lines, South Pacific Inter-Lines, and five automobile carrier lines.

Zone users find the Zone's warehouse and office facilities conveniently located near the port and the business district of Honolulu.

Site II. Located at Campbell Industrial Park in Ewa, Oahu, Site II consists of 1,051 acres zoned for heavy industrial uses. This expansion site, approved by the Foreign-Trade Zones Board on August 21, 1987, includes the recently constructed Barbers Point Deep Draft Harbor. Activation of this site was approved by the Honolulu District Director of the U.S. Customs Service on September 15, 1995.

Site III. Located at the Mililani Technology Park in central Oahu, Site III encompasses 109 acres zoned for commercial and light industrial use. Approval for this expansion site was granted November 16, 1988. The availability of FTZ procedures at the MTP is intended to facilitate high technology activities there.

Site IV. Located at the Maui Research and Technology Park in Kihei, Maui, Site IV consists of 59 acres zoned for research and high-technology related uses. This expansion site was approved by the Foreign-Trade Zones Board on June 9, 1992. Temporary activation was approved by the Honolulu District Director of the U.S. Customs Service on April 25, 1995.

Site V. Located in the city of Hilo, adjacent to the Hilo International Airport (General Lyman Field) on the island of Hawaii, Site V encompasses 31 acres zoned for commercial and light industrial uses. This expansion site was approved by the Foreign-Trade Zones Board on June 9, 1992. Temporary activation of this site was approved by the Honolulu District Director of the U.S. Customs Service on July 3, 1995.

Site VI. Located in the city of Honolulu at and adjacent to Honolulu International Airport on the island of Oahu, Site VI includes the tanker terminal at Pier 51 bulk storage along Sand Island Access Road, fueling facilities at Honolulu International Airport, and the pipelines connecting those facilities to service the refueling needs of Honolulu International Airport. This expansion site was approved by the Foreign-Trade Zones Board on June 19, 1995.

Site VII. Located in the city of Honolulu in the airport industrial complex on the island of Oahu, Site VII consists of 7 acres for public cold storage and distribution. This expansion site was approved by the Foreign-Trade Zones Board on June 19, 1995.

Site VIII. Located in the city of Honolulu adjacent to Waikiki in the Kapiolani business district on the island of Oahu, Site VIII consists of 9.67 acres being developed as the Hawaii Convention Center. This expansion site was approved by the Foreign-Trade Zones Board on June 19, 1995.

Subzone 9-A. Located in Campbell Industrial Park, Ewa, Oahu, Subzone 9-A is situated on 139.6 acres of land zoned for industrial uses. Facilities include an oil refinery complex with a throughput capacity of 95,000 barrels per day and a synthetic natural gas plant with a capacity of 16.7 million cubic feet per day. The oil refinery was activated on April 7, 1972, and the synthetic natural gas plant was activated on March 12, 1975.

Subzone 9-B. Located at Pier 23 in Honolulu Harbor, Subzone 9-B is situated on 1.7 acres of land zoned for waterfront industrial uses. Facilities include storage areas; scales; and grinding, sifting, blending, and bagging equipment used in the preparation of specialty bakery mixes for export markets. Subzone 9-B was activated on January 20, 1986.

Subzone 9-C. Located in the Iwilei district of Honolulu, Subzone 9-C is situated on 2.1 acres of land zoned for industrial uses. Facilities include machinery for making lids for juice cans and warehousing for material and products. Subzone 9-C was activated on August 1, 1985.

Subzone 9-D. Located in Kahului, Maui, Subzone 9-D is situated on 22 acres zoned for industrial and commercial uses. Facilities include machinery for making cans and for the canning of pineapple products and warehousing for material and products. Subzone 9-D was activated on April 30, 1986.

Subzone 9-E. Located in Campbell Industrial Park, Ewa, Oahu, Subzone 9-E is situated on 248 acres of land zoned for industrial uses. Facilities include a crude oil refinery and bulk terminal for receiving, storing, distributing, and processing crude oils, finished and unfinished oils and blend stocks. Subzone 9-E was activated on April 1, 1990.

PART V. SUBZONE ACTIVITY

SUBZONE NO. 9-A

A. Summary - Oil Refinery and SNG Plant (BHP Hawaii Inc.)

Owner, Operator and Corporate Affiliation. Foreign-Trade Subzone No. 9-A is occupied by BHP Petroleum Americas Refining Inc. (BHPPARI) and BHP Gas Company's Synthetic Natural Gas (SNG) Plant (formerly Enerco, Inc. until merged with BHP Gas Company subsidiary in March, 1993). The refinery and BHP Gas Company are subsidiaries of BHP Hawaii Inc. BHPPARI is the Subzone operator. BHPPARI owns its Subzone No. 9-A site. BHP Hawaii Inc. owns the adjoining SNG plant site. The Subzone was initially authorized by FTZ Board Order No. 82 on April 20, 1970.

Subzone Site and Plant Facilities. Subzone No. 9-A is situated on 139.6 acres in Campbell Industrial Park, approximately 24 miles west of the primary zone. Facilities include BHPPARI's 95,000 barrel-per-day oil refinery and BHP Gas Company's 16.7 million cubic-feet-per-day synthetic natural gas plant.

Employment and Capital Improvements. Direct employment at Subzone 9-A totaled 398 in 1996. An additional 219 people were employed by BHP Hawaii Inc. in downtown Honolulu in activities relating to the Subzone. Capital improvements to the plant and equipment totaled almost $2.7 million, and exports of petroleum products were approximately $281 million.

Activities: BHPPARI oil refinery. BHPPARI began manufacturing transportation and residual fuels in 1972. Its initial refining capability was 29,500 barrels of crude oil per day. That capability was expanded incrementally. Today, BHPPARI is the larger of two refineries in Hawaii and can refine as much as 95,000 barrels per day of selected crude oils. Energy self-sufficiency is provided by BHPPARI's cogeneration unit, which uses a modified jet engine to produce all the electricity and steam that BHPPARI requires.

Light and medium crude oils from Alaska and such foreign sources as Indonesia, Australia and China constitute the primary feedstock for BHPPARI's processing units. All crude oil is transported to BHPPARI by ocean-going tanker ships and enters the Subzone refinery's five-million-barrel tank farm by way of a single-point offshore mooring and an underwater pipeline. BHPPARI uses the same underwater pipeline and offshore mooring to load products onto ocean-going product tankers and intrastate barges.

BHPPARI's products include: liquid petroleum gases such as propane; various grades of gasoline; naphtha-based jet aviation fuel; kerosene-based jet aviation fuels; diesel motor fuels; a variety of distillate and residual fuel oils for ocean-going ships and energy generators; asphalt; and the petroleum-based feedstock that the SNG plant converts into SNG. Products are withdrawn from the Subzone by means of: offshore facilities mentioned above; tank trucks from adjacent BHPPARI-operated loading racks; and a BHPPARI-operated, 25-mile land-based pipeline. The pipeline services military and civilian terminals at Pearl Harbor, Honolulu International Airport and Honolulu Harbor. The refinery's production of liquid petroleum gas is also sold as bottled gas by Honolulu's gas utility company.

BHPPARI's customers are located throughout Hawaii, the West Coast of the United States, most Pacific Rim countries, and a variety of U.S. military installations in the Pacific Command.

Activities: BHP Gas Company's SNG plant. Because Hawaii has no indigenous fossil fuels, Honolulu's gas utility system uses synthetic natural gas (SNG) made from crude oil derivatives. The SNG is produced at BHP Gas Company's SNG plant, which began operations in Foreign-Trade Subzone 9-A on March 12, 1975.

The SNG plant uses the Lurgi process to convert light hydrocarbon into SNG. The plant is exceptionally clean and environmentally sound. Redundancy throughout the plant allows for equipment maintenance without interruption of SNG production.

The SNG plant's maintenance management system is supported by a microcomputer network which organizes the flow of information relating to all repairs or breakdowns in the plant through a work order tracking system and equipment history files. The system schedules and monitors a preventive maintenance program and also provides easy access to spare parts lists and current stock status. Various work stations throughout the plant have access to this information.

Feedstock for the SNG plant is provided by BHPPARI.

The SNG plant's Subzone-produced SNG is entered for consumption in Customs territory and is distributed to customers through the gas utility's underground pipeline system. The sole by-product of SNG production, carbon dioxide, is also entered for consumption in Customs territory as dry ice and liquid carbon dioxide.

Economic and Business Benefits. ***BHPPARI*** has always sought to take advantage of the export potential that operating under Foreign-Trade Zone procedures afford. With its unique geographic location in the middle of the Pacific, BHPPARI's FTZ-related duty and tax savings are key factors in its ability to compete internationally. Foreign-Trade Zone status helps BHPPARI to maintain a "level playing field" as it participates in the highly competitive Pacific Islands and Asian petroleum markets. This FTZ-supported ability to compete outside Hawaii gives BHPPARI an expanded outlet for the full range of products that comes with each barrel of crude oil. As a result, Hawaii is assured of an economical, locally-produced supply of aircraft, vessel and automotive fuels.

The SNG plant is a direct beneficiary of BHPPARI's Foreign-Trade Zone status. BHPPARI's viability in international and local markets assures the SNG plant of a constant flow of feedstock from a next-door source. This enables the SNG plant to maintain a minimum inventory of feedstock and a minimum capital investment in storage tanks.

Public Benefits to the Local and National Economies. Foreign-Trade Zone status has helped BHPPARI and the SNG plant to remain competitive in and out of Hawaii for 25 years. For Hawaii and the United States, that translates to ever-increasing investment in facilities and commensurate levels of local employment.

Refinery public benefits include: (1) an assured supply of petroleum products, (2) economic contributions, (3) facilities investment, and (4) jobs and buying power for U.S. workers.

Assured supply of petroleum products. BHPPARI's presence in Hawaii means a reliable supply of locally-produced transportation fuels and energy products for the airlines, ocean-going ships, buses, public/private vehicles, public utilities, hotels, agriculture producers, small businesses, military organizations, and diverse service activities that drive the Hawaii economy. BHPPARI reduces risk to an economy that otherwise would depend on out-of-state and foreign suppliers for most of its petroleum supplies.

Economic contributions. BHPPARI's success in Hawaii has spawned additional industrial capacity, such as synthetic natural gas production and various petrochemical operations. Each year, BHPPARI uses U.S. raw materials valued at more than $200 million. It purchases more than $4 million worth of Hawaii-based goods and services, and exports more than $200 million worth of products.

Facilities investment. In 1972, Zone status made it possible for BHPPARI to construct its initial 29,500-barrel-per-day refinery at a cost of $34 million. Today, BHPPARI operates a 95,000-barrel-per-day refinery that is valued at more than $577 million.

In the years after start-up, BHPPARI's major facility investments included: several additions to its storage tank farm; a hydrotreater and reformer unit to facilitate production of unleaded gasoline; a hydrocracking unit to increase production of kerosene jet fuel; additional reactors and other enhancements to increase hydrocracker production; a light ends recovery unit to improve production of propane; a hydrogen plant to support hydrocracker operations; a cogeneration unit to assure a reliable supply of electricity and steam; a third sulfur recovery unit to streamline sulfur extraction; a larger vacuum tower to improve supply of feedstock to the hydrocracker; a visbreaker unit to facilitate production of residual fuels; a wastewater treatment unit to ensure that effluent water from the refinery meets or exceeds all state and federal standards; a demineralizer unit to assure pure water for boilers; high-level alarms on all petroleum tanks to reduce the risk of overfilling and spillage of products; a well-equipped fire training facility; and an asphalt plant.

During the past year, BHPPARI completed several projects in its continuing program of facilities investment, the largest being the installation of double bottoms on various crude and product storage tanks. BHPPARI retrofitted tanks TK-106 ($1.5 million), TK-605 ($300,000) and TK-202 ($202,000) with double bottoms to limit environmental exposure and as a measure to increase protection of the environment.

Other projects completed include installation of a containment berm around the existing Pentane sphere to meet state and federal fire code requirements ($300,00); retrofitting of compressors to control fugitive gas emissions in compliance with Federal EPA Title V standards ($200,000); and installation of a fuel gas vaporizer to prevent gas pressures from sagging during inclement weather ($152,000).

Jobs and buying power for U.S. workers. During the report period, BHPPARI salaries in the Subzone provided direct local buying power of more than $13.8 million for a full-time refinery workforce that included approximately 215 BHPPARI and 48 contract employees. During peak construction periods, BHPPARI also supported the employment of approximately 100 construction workers. Away from the refinery, BHPPARI operations in Subzone 9-A partially sustained the employment of approximately 194 people in corporate headquarters. With the addition of approximately 600 people who work in supply and service companies that support BHPPARI operations, it is estimated that BHPPARI and Subzone

9-A directly and indirectly contribute to the support of more than 1,100 people in Hawaii.

SNG plant public benefits include: (1) continuous supply of public utility synthetic natural gas; (2) facilities investment; and (3) jobs and buying power for U.S. workers.

Continuous supply of public utility synthetic natural gas (SNG). The SNG plant's unfailing 365-days-per-year operation assures a continuous supply of SNG to Hawaii's public utility gas company in the City and County of Honolulu. Preferred by business and residential customers for its clean, infinitely adjustable heating value, SNG provides a cost-efficient alternate energy source for Hawaii's economy.

Facilities investment. In 1974, BHPPARI's reliable supply of feedstock made it possible for the SNG plant to construct its initial SNG plant in Subzone 9-A at a cost of $7.8 million. At that time, the SNG plant's continuous flow of SNG was dependent on a 1909-era backup facility located in downtown Honolulu. Today, the SNG plant assures an uninterrupted supply of SNG by switching, when necessary, to backup equipment that was constructed at a cost of $6.5 million on the Subzone 9-A site in 1978. The SNG plant's current replacement value is more than $41 million.

Shortly after it initiated Zone operations in 1975, the SNG plant began commercial distribution of carbon dioxide, a by-product of its 16.7-million-cubic-feet (150,000 therms)-per-day production of SNG. Today, the SNG plant is Hawaii's major producer of carbon dioxide.

Over the years, the SNG plant has maintained a modern, environmentally sound facility. Significant facility investments have included: expanded laboratory and office areas; state-of-the-art computer equipment; backup production equipment; a closed loop water conservation system; enhanced instrumentation; modifications to permit the use of various feedstocks; additional storage tanks; expanded maintenance and warehouse spaces; a demineralizing unit to assure pure water for boilers; a microcomputer-based maintenance management system; energy saving, high efficiency electrical motors; a stainless steel multi-service cooler; an upgraded nitrogen filling system; modified injection well piping to meet state Department of Health standards; modified superheated system vent and installation of remote shut-off controls on various units; and a maintenance-related database to monitor vibration in all rotating equipment.

During the past year, the SNG plant continued its program of facilities investment. It purchased a new radio system for plant communications ($15,000), laboratory equipment ($6,000), adjustable base for confined space equipment ($1,372), computer system for computer-based training ($5,500), an additional laser printer ($3,500) and a new pipe threading machine ($3,400); and installed barricades for naphtha storage and pump area ($8,850), strainer system for the demineralizer ($5,000), Transmation 690z temperature monitoring system ($11,300) and incoming SKV electrical feeder ($17,743).

Jobs and buying power for U.S. workers. During the report period, the SNG plant salaries in the Subzone provided for direct local buying power of nearly $1.7 million for a full-time work force of 33 employees. The SNG plant also had two full-time contract workers. The SNG plant continues to use contract workers to perform tasks such as environmental consulting, specialty welding, air conditioning maintenance, landscaping and janitorial services. The plant's need for administrative support and services contributed to the employment of approximately 25 people in corporate headquarters.

B. Movement of Merchandise - Subzone No. 9-A Oil Refinery (BHP Petroleum Americas Refining Inc.)

1. Merchandise in Subzone 9-A at Beginning and End of Fiscal Year

Origin	Beginning Value (October 1, 1995)	Ending Value (September 30, 1996)
Domestic Origin/ Duty Paid	4,572,759	25,592,945
Foreign Status	27,073,142	15,569,017
Total:	31,645,901	41,161,962

2. Movement of Merchandise in Subzone 9-A

Movement	Value
Received:	
Domestic Origin/Duty Paid[1]	240,282,519
Foreign Status	372,425,773
From Other U.S. FTZs	-0-
Total:	612,708,292
Forwarded:	
To U.S. Customs Territory[1]	299,849,853
To Foreign Countries[2]	280,982,322
To Other U.S. FTZs	22,360,056
Total:	603,192,231

[1] *Includes merchandise received and forwarded from the refinery and SNG plant.*

[2] *Includes merchandise consumed or destroyed in the Subzone.*

3. Value Added. Value added by Subzone refining activities (labor, overhead, etc.) was approximately 11 percent of the value of merchandise forwarded.

4. Categories of Foreign Status Merchandise Received at Subzone 9-A During Fiscal Year 1996

Category	Value
Crude oils	372,425,773

5. Foreign Status Merchandise Received:
   Nonprivileged Foreign: $ -0-
   Privileged Foreign: $372,425,773

6. Customs duties collected on merchandise entered into U.S. Customs territory from the Subzone during the fiscal year amounted to approximately $1,419,000.

7. Merchandise destroyed or consumed (e.g., fuel) in Subzone 9-A during the fiscal year amounted to approximately 273,000 metric tons, valued at approximately $27,167,000.

SUBZONE NO. 9-B

A. Summary - Flour Mill (HFM)

Owner, operator and corporate affiliation. HFM, a division of Kerr Pacific Corporation, is the owner and operator of Foreign-Trade Zone No. 9-B. HFM was incorporated in 1963 and began operation in 1964. The Subzone was authorized by FTZ Board Order No. 274 on October 17, 1984 and activated on January 20, 1986. HFM mills flour, distributes food products wholesale, and utilizes its Subzone to blend bakery pre-mixes for export to Japan. The pre-mixes are blended using various formulas for breads, rolls, pastries, and other baked goods.

Subzone site and plant facilities. Located at Pier 23 in Honolulu Harbor, HFM leases more than 72,000 square feet of flour milling, packing, office, and warehouse space on a long-term basis from the State of Hawaii. The Subzone site is located within the flour packing and warehouse area. In addition, HFM also leases over 35,000 square feet of grain elevator and flat storage for wheat and feed grains. HFM is pursuing construction of a feed mill to supply the local livestock industry with its formula feed needs. This area was recently approved to be included within the Subzone by FTZ Board Order No. 766 on September 1, 1995 and will allow HFM to use foreign ingredients for its formula feeds when feasible.

Employment. During the fiscal year, 19 full-time employees were engaged in Subzone activities.

Activities. HFM blends flour mixes for export to Japan in the Subzone and incorporates sugar and nonfat dry milk purchased from the world market. Other ingredients include flour milled by HFM and other ingredients purchased domestically. These ingredients are mixed in a packing area and stored in the warehouse or loaded directly onto containers for shipment. In 1996, HFM produced $2,100,000 of mixes within the Subzone for export to Japan.

HFM hopes to begin construction on its feed mill soon within the recently approved area for the Subzone extension. With the dissolution of Hawaii's only commercial manufacturer of animal feeds, Hawaii's livestock farmers currently lack the benefits of having a full supply of competitively priced, locally produced, fresh-formulated animal feeds. HFM seeks to avail itself of the most economically priced ingredients, blend and process the grains for sale to markets in Hawaii, and export to niche markets in the Western Pacific.

Economic and business benefits. HFM is able to use the Zone to purchase foreign ingredients at competitive prices, allowing it to compete with companies in foreign markets. The price of these ingredients is a significant cost factor in the production of such items. Purchasing these ingredients in the domestic market would make it cost prohibitive to sell its products to Japan.

Public benefits to the local and national economies. Operating under Zone status enables HFM to employ American labor on U.S. soil, generate export tonnage and revenue for U.S.-owned shipping companies, and enjoy export earnings while competing in foreign markets with foreign suppliers of specialty bakery mixes. The payroll paid to employees and income earned related to the mixes generate tax revenue for the U.S. government and State of Hawaii, and also encourage economic activity within the State.

B. Movement of Merchandise - Subzone No. 9-B

1. Merchandise in Subzone 9-B at Beginning and End of Fiscal Year

Origin	Beginning Value (October 1, 1995)	Ending Value (September 30, 1996)
Domestic Origin/ Duty Paid	66,143	28,910
Foreign Status	22,558	95,631
Total:	88,701	124,541

2. Movement of Merchandise in Subzone 9-B

Movement	Value
Received:	
Domestic Origin/Duty Paid	989,052
Foreign Status	438,897
From Other U.S. FTZs	-0-
Total:	1,427,949
Forwarded:	
To U.S. Customs Territory	180
To Foreign Countries	1,391,929
To Other U.S. FTZs	-0-
Total:	1,392,109

3. Value Added. Value added by Subzone activities (labor, overhead, etc.) is approximately 20 percent of the value of merchandise forwarded.

4. Categories of Foreign Status Merchandise Received at Subzone 9-B During Fiscal Year 1996

Category	Value
Granulated Sugar	121,621
Non-Fat Dry Milk	317,276
Total:	438,897

5. Foreign Status Merchandise Received:

Nonprivileged Foreign: $374,637
Privileged Foreign: $ -0-

6. Customs duties collected on merchandise entered into U.S. Customs territory from Subzone 9-B during the fiscal year amounted to $6.

7. Merchandise sent to the laboratory for testing which was ultimately destroyed included 2.5 metric tons, valued at $180.

SUBZONE NO. 9-C

A. Summary - Pineapple Cannery (Dole Packaged Foods Company)

Owner, operator and corporate affiliation. Foreign-Trade Subzone No. 9-C is owned and operated by Dole Packaged Foods Company, a subsidiary of Dole Food Company. The Subzone was authorized by FTZ Board Order No. 308 on July 26, 1985, and the Subzone was activated on August 1, 1985.

Subzone site and plant facilities. Continuing the downsizing of activities, the Subzone was deactivated on February 26, 1996. Up until the deactivation, the activated portion of the Subzone was 90,410 square feet. The Subzone was comprised of the can manufacturing plant at 725 Iwilei Road in the Iwilei district of Honolulu on the island of Oahu. Subzone facilities consist of:

> machines and manufacturing space to manufacture can lids of the common, familiar type sold at retail and not capable of reuse;
> warehousing for raw materials, work-in-progress and finished goods; and
> machinery and space to accommodate various related activities.

Employment. In 1996, the average number of employees was 18, of which 17 were full-time.

Activities. At this facility, Dole manufactured easy-open can lids from foreign electrolytic tin plate. Operating under zone procedures enabled Dole to use foreign electrolytic tinplate without paying U.S. Customs duties, thereby lowering its manufacturing costs. These ends were largely exported with a small number sold to U.S. customers.

Economic and business benefits. The Hawaii and U.S. economies have benefited over the past 11 years that Dole has been a Subzone. Costs of production were lowered sufficiently to enable the company to continue to manufacture its easy-open lid operation in Honolulu.

Public benefits to the local and national economies. Dole Packaged Foods provided relatively high-paying manufacturing jobs and thus played an important role in diversifying Hawaii's large service economy. Dole's Subzone operation provided 18 jobs with a total employment creation of 58 jobs, according to the State Department of Business, Economic Development & Tourism's *Input-Output Model*. Exports for the fiscal year were $331,988, creating a positive contribution to the United States' balance of trade. Foreign-Trade Zone procedures allowed Dole Packaged Foods to continue operations in Hawaii. It provided employment and contributed to federal, state and local taxes.

B. Movement of Merchandise - Subzone No. 9-C

1. Merchandise in Subzone 9-C at Beginning and End of Fiscal Year

Origin	Beginning Value (October 1, 1995)	Ending Value (September 30, 1996)

Domestic Origin/ Duty Paid	-0-	-0-
Foreign Status	828,000	-0-
Total:	828,000	-0-

2. Movement of Merchandise in Subzone 9-C

Movement	Value
Received:	
Domestic Origin/Duty Paid	-0-
Foreign Status	-0-
From Other U.S. FTZs	-0-
Total:	-0-
Forwarded:	
To U.S. Customs Territory	496,012
To Foreign Countries	331,988
To Other U.S. FTZs	-0-
Total:	828,000

3. Value added. Value added in Subzone activities (which includes cost of labor, overhead, etc.), averaged approximately 125 percent of the value of the merchandise forwarded.
4. Categories of Foreign Status Merchandise Received at Subzone 9-C During Fiscal Year 1996: None

5. Foreign Status Merchandise Received: None

6. Customs duties collected on merchandise entered into U.S. Customs territory from the Subzone during the fiscal year amounted to $-0-.

7. Merchandise destroyed in the Subzone during the fiscal year was valued at $-0-.

SUBZONE NO. 9-D

A. Summary - Pineapple Cannery (Maui Pineapple Company, Ltd.)

Owner, operator and corporate affiliation. Maui Pineapple Company, Ltd., a subsidiary of Maui Land & Pineapple Company, Inc., operates a pineapple cannery in Foreign-Trade Subzone No. 9-D. The Subzone was authorized by FTZ Board Order No. 329 on April 25, 1986.

Subzone site and plant facilities. The Subzone is 100 miles east of the primary Zone and is located in the Kahului region of the island of Maui, encompassed by Kaahumanu Avenue, Kane Street, and Wakea Avenue, comprising an area of approximately 22 acres.

The pineapple cannery operation consists of the preparation, canning, warehousing, and shipment of canned pineapple and pineapple juice products. The site also contains a can manufacturing facility, storage facilities, a quality control laboratory, and a diesel-powered electrical generating plant.

Employment. During the fiscal year, the Subzone employed up to 601 persons, 286 of whom were full-time. Also, there were 21 people involved in the Subzone activities who were employed in Maui Pine's corporate headquarters.

Activities. Maui Pine receives about six shipments of tinplate from Japan annually for production of sanitary cans which are used in the canning operation. Also, during the fiscal year, Maui Pine withdrew unfilled cans and matching lids from the Subzone and assessed duty at the applicable rate after the sale to other U.S. food processors. The tinplate is discharged from ships at Kahului Harbor and trucked to Subzone No. 9-D.

The pineapple cannery at Kahului is the only pineapple facility of this type remaining in Hawaii. It has the capacity to process up to 225,000 tons of pineapple annually with normal production of around 187,000 tons. The cannery normally operates on two shifts from mid-June to mid-August and on one shift during the rest of the year.

A great majority of the pineapple products—canned fruit and juice—are shipped via container from Kahului Harbor to domestic U.S. markets. A lesser amount is exported to foreign markets, primarily in Japan and Canada.

The equipment used in the production of pineapple, pineapple juice, and pineapple juice concentrate is constantly upgraded under a planned capital improvement program. Under this program in fiscal year 1996, $759,400 was used to acquire and upgrade new and existing equipment for the cannery, the warehouse, the can manufacturing plant, and the electrical power plant.

Currently, $703,100 in capital improvements are underway. For the calendar year 1997, approximately $2,079,000 is planned for the acquisition of new production equipment. These capital improvement projects will expand Maui Pine's product line and maintain the quality and productivity of the manufacturing process.

Economic and business benefits. Maui Pineapple Company, Ltd. benefits from being a Subzone user by not paying the U.S. Customs duties on foreign tinplate used to make its canned pineapple products.

Public benefits to the local and national economies. Maui Pineapple Co., Ltd. continues to invest in modernizing its pineapple cannery operation. In 1996, $759,400 was spent in improvements, providing an additional positive employment impact for Hawaii. A total of 601 manufacturing jobs were supported by Maui Pine of which 286 were full-time. With the multiplier effect, the total employment impact for the State of Hawaii was conservatively estimated at 900 full-time jobs. Exports totaled over $3 million. Foreign-Trade Zone procedures have strengthened the competitiveness of Maui Pine and enabled it to continue to be an important part of Hawaii's manufacturing sector.

B. Movement of Merchandise - Subzone No. 9-D

1. Merchandise in Subzone No. 9-D at Beginning and End of Fiscal Year

Origin	Beginning Value (October 1, 1995)	Ending Value (September 30, 1996)
Domestic Origin/ Duty Paid	5,029,687	5,561,598
Foreign Status	5,503,601	4,582,498
Total:	10,533,288	10,144,096

2. Movement of Merchandise in Subzone No. 9-D

Movement	Value
Received:	
From U.S. Customs Territory	41,725,112
From Foreign Status	9,939,828
From Other U.S. FTZs	-0-
Total:	51,664,940
Forwarded:*	
To U.S. Customs Territory	49,060,036
To Foreign Countries	2,994,096
To Other U.S. FTZs	-0-
Total:	52,054,132

**Based on customs value. Value added is described in Item 3 below.*

3. Value added. Value added by Subzone activities (which includes the cost of labor, overhead, etc., in the can making and pineapple cannery operation) averaged approximately 37 percent of the value of merchandise forwarded.

4. Categories of Foreign Status Merchandise Received at Subzone No. 9-D During Fiscal Year 1996

Category	Value
Electrolytic Tinplate	9,939,828

5. Foreign Status Merchandise Received:

   Nonprivileged Foreign: $9,939,828
   Privileged Foreign: $ -0-

6. Customs duties and other fees (i.e., merchandise processing fee) collected on merchandise entered into U.S. Customs territory from the Subzone during the fiscal year amounted to $23,523.

7. Merchandise destroyed or consumed in the Subzone during the fiscal year was valued at $566,700.

SUBZONE NO. 9-E

A. Summary - Oil Refinery (Chevron U.S.A. Products Company, Hawaii Refinery)

Owner, operator and corporate affiliation. The Hawaii Refinery, Foreign-Trade Subzone No. 9-E, is owned and operated by Chevron Products Company, a division of Chevron U.S.A. Inc. Approval of the State of Hawaii application requesting a special-purpose Subzone for Chevron's refining facility at Barbers Point was granted by Board Order No. 415 on December 21, 1988, and Subzone 9-E was activated on April 1, 1990.

Subzone site and plant facilities. Chevron's Hawaii Refinery is situated in Campbell Industrial Park, approximately 22 miles west of the primary zone, Foreign-Trade Zone No. 9 in Honolulu. The Chevron Subzone facility occupies approximately 248 acres of land.

In the late 1950's, Chevron negotiated the purchase of Campbell Estate land at the then undeveloped area of Barbers Point. On this site, ground was broken and Chevron began construction of the first oil refinery in the State of Hawaii. This development gave rise to the formation of what is now known as Campbell Industrial Park. With the Chevron Refinery as its anchor tenant, the area has developed into an industrial park with various types of warehousing, construction trade and supply, cement manufacturing, cogeneration facilities, and a deep draft harbor.

Employment. At the end of fiscal year 1996, Chevron employed 188 full-time employees at its Subzone. The Subzone also required an average of 29 contractors (technical professional, clerical, skilled tradesmen, and laborers) to provide work force for maintenance and capital improvement projects during the year. Distribution of the products refined at the Chevron Subzone to customers throughout the Aloha State is handled by Chevron's Hawaii Marketing Region. Chevron has 76 employees at its marketing office in Honolulu and marine terminal facilities on the outer islands. To monitor Chevron's maritime activities in Hawaii, Chevron Shipping's Honolulu Office maintains a staff of four people.

Activities. During the past year, the Chevron Subzone received crude oil from several areas throughout the Pacific Rim. Received were various crude oils from Alaska, the Far East, and South America. In all, 14 different types of crude oil were included in the refinery crude slate. Approximately 75 percent of the crude oil received at the Subzone was from foreign countries.

The Chevron Hawaii Refinery product slate consists of approximately 20 different finished products: several grades of motor gasoline for Hawaii motorists; aviation gasoline for small aircraft; jet fuel for commercial airlines; diesel fuels for transportation, industrial machinery, and electric generation; liquified petroleum gas (LPG) for homes and industry; fuel oils for electricity, industrial power generation and vessel bunker; several grades of asphalt for Hawaii's roads and highways; and sulfuric acid used in fertilizer manufacturing. The majority of the products refined at the Chevron Subzone are marketed in the State of Hawaii to satisfy the local petroleum needs. Additionally, cargo exports of finished and semi-finished products are routinely made to Pacific Rim countries.

Products at the Chevron Subzone are admitted and transferred by several pipeline networks and by tank trucks. Chevron utilizes its two 22-mile pipelines, which connect the refinery Subzone with the Chevron Honolulu Marketing Terminal, to transfer the majority of its refined products. Marine pipelines to the Barbers Point off-shore mooring are used to receive crude oil and petroleum products. The marine pipelines are also used to export refined products via tanker vessels. Pipelines to the Barbers Point Deep Draft Harbor facilitate inter-island product movements via barge. Various pipeline networks in the Campbell Industrial Park are used to transfer products between its refinery and another refinery, and to customers in the industrial park. The Subzone truck loading racks are used for sales of asphalt and liquified petroleum gas (LPG).

During the past year, the Hawaii Refinery's capital program reflected its commitment to provide quality petroleum products, safe and reliable operations, and environmental compliance. Projects included the replacement of the tank bottom and associated upgrades on a crude tank ($1 million); a product integrity project for aviation gasoline ($500,000); installation of continuous vibration monitors on critical pumps ($60,000); and a new demister pad installed at the Acid plant to increase plant efficiency and reduce stack emissions ($70,000).

Level of production. Initially, the Chevron refinery had the capacity to process approximately 33,000 barrels of crude oil per day. Over the years, expansion and upgrading of the refining facilities have been undertaken to meet the changing needs for petroleum products in the Hawaiian Islands. Currently, the refinery crude unit has the capacity to process approximately 60,000 barrels of crude oil per day. The refinery tank field has the storage capacity of approximately 3.7 million barrels of feedstocks and products. This storage capacity enables Chevron to keep an ample supply of products on site as an added safeguard for the energy needs of our island state.

Economic and business benefits. Foreign-Trade Zone status for the Chevron Hawaii Refinery enables duty deferral on products identified as being refined from foreign crude oil while they remain in the Subzone. Duty is paid only upon the transfer of products into U.S. Customs territory. Additionally, zone procedures eliminate the payment of duty on those products that are exported.

FTZ procedures encourage domestic production and export of products manufactured in the United States. Since Subzone activation, Chevron has regularly exported refined products from the Hawaii Subzone to Pacific Rim countries. The export market has helped Chevron's Hawaii facility and the U.S. trade balance. Adequate demand for every barrel of product produced at the Chevron facility does not exist in the Hawaii market. Consequently, the export markets provide a practical alternative. The export markets are very competitive given the worldwide source of supply. FTZ benefits help to reduce the cost of operation and thereby increase Chevron's competitive position in foreign markets.

In recent years, environmental expenditures in the petroleum industry have increased dramatically. The increase is due largely to the need to comply with increasingly stringent federal and state environmental regulations affecting gasoline, air and water emissions, and waste handling. These regulations boost the cost of refining and require U.S. companies to integrate environmental responsibility into all areas of operation. In contrast, many foreign refiners with whom Chevron competes have little or no environmental regulations and avoid the resulting operating costs. Chevron shares the public concern for the environment and is committed to conducting business as a responsible member of the community in full compliance with all laws and regulations. In this regard, the benefits derived from foreign-trade zone status help to level the playing field vis-à-vis foreign refiners.

Public benefits to the local and national economies. Hawaii more than any other state depends on oil for its energy needs. The islands, unlike states on the continental U.S., have no indigenous source of crude, natural gas or coal. Additionally, Hawaii's isolation makes it impossible to buy generated power from other states. Chevron Subzone 9-E manufactures quality petroleum products for Hawaii's energy needs and plays a vital role in the economic well-being of the State of Hawaii.

The Chevron refinery provides highly desired manufacturing jobs with high wages and gives a diversity of employment opportunities in an economy dominated by service industries. In addition to direct employment within the Subzone, Chevron's presence supports the employment base of the local trade and service industries which are utilized in operations.

Chevron strives to be a good neighbor throughout the Hawaiian Islands. Chevron has an aggressive community outreach program, especially in the new communities of Kapolei and Makakilo which are located nearby the Subzone refinery. During the past year, the company was an active supporter of the School-To-Work Program and provided the opportunity for students and teachers to experience life in the workplace. Chevron also sponsored, in partnership with the Honolulu Police Department, the Keiki I.D. Program in the Waianae District.

B. Movement of Merchandise - Subzone No. 9-E

1. Merchandise in Subzone No. 9-E at Beginning and End of Fiscal Year 1996

Origin	Beginning Value (October 1, 1995)	Ending Value (September 30, 1996)
Domestic Origin/ Duty Paid	8,975,582	13,545
Foreign Status	20,415,615	40,904,263
Total:	29,391,197	40,917,808

2. Movement of Merchandise in Subzone No. 9-E during Fiscal Year 1996

Movement	Value
Received:	
Domestic Origin/Duty Paid	122,273,033
Foreign Status	285,130,886
From Other U.S. FTZs	-0-
Total:	407,403,919
Forwarded:	
To U.S. Customs Territory	328,727,148
To Foreign Countries[1]	54,178,248
To Other U.S. FTZs	12,971,912
Total:	395,877,308

[1] *Includes merchandise consumed as refinery fuel, destroyed, and waste within the Subzone.*

3. Value Added. Value added by Subzone refining activities (labor, overhead, etc.) was approximately 16 percent of the value of merchandise forwarded.

4. Foreign Status Merchandise Received at Subzone 9-E During Fiscal Year 1996

Category	Value
Crude Oil	281,059,723
Petroleum Product	4,071,163
Total:	285,130,886

5. Foreign Status Merchandise Received:

    Nonprivileged Foreign: $ 81,569,891
    Privileged Foreign: $203,560,995

6. Customs duties collected on merchandise entered into the U.S. Customs territory and refinery fuel consumed within the Subzone during the fiscal year amounted to approximately $1,436,000.

7. Merchandise consumed or destroyed in Subzone No. 9-E during the fiscal year amounted to approximately 199,000 metric tons, valued at approximately $20 million.

PART VI. PHOTOGRAPHS

The annual submission of photographs (8" X 10" glossy) for each zone and Subzone site depicting current activities is no longer required. Foreign-Trade Zone No. 9 does, however, periodically submit photographs to the Foreign-Trade Zones Board with the understanding that they may be reproduced in government publications or released to the public.

PART VII. ZONE EXPANSION SITES AUTHORIZED BUT NEVER ACTIVATED

Mililani Technology Park FTZ

Castle and Cooke Properties actively seeks qualified FTZ tenants. It continues to work closely in conjunction with the Department of Business, Economic Development, and Tourism and other organizations (both public and private), the High Technology Development Corporation, the Chamber of Commerce of Hawaii, and the Economic Development Corporation of Honolulu to promote zone utilization.

Hawaii Fueling Facilities Corporation

Hawaii Fueling Facilities Corporation is deferring activation pending the publishing of new rules for weekly entry procedures by the U.S. Customs Service.

Unicold Corporation

Unicold Corporation is deferring activation of their authorized Zone site pending the publishing of new rules for the filing of weekly entries by the U.S. Customs Service.

Hawaii Convention Center

The Hawaii Convention Center is currently under construction and activation is anticipated upon its completion in 1997.